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SUBJECT: VICE PRESIDENT-ELECT VINCENT SIEW MEETS WITH PRC
PRESIDENT HU JINTAO AT BOAO FORUM

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

11. (C) Summary: Vice President-elect Vincent Siew returned Sunday from the Boao Forum in Hainan, where he had met with PRC President Hu Jintao. Siew described Hu as "pragmatic" and said Hu's comments offered a "historic opportunity" to improve cross-Straits relations. During the meeting, Siew and Hu both expressed support for moving ahead on implementing weekend cross-Straits charter flights, bringing PRC tourists to Taiwan, and resuming the cross-Straits dialogue between the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Strait (ARATS). The only significant gaffe during the visit was an unauthorized reference to the "one China principle" in a PRC Ministry of Commerce press release, which was quickly corrected. Former KMT legislator Su Chi, slated to become head of the National Security Council, said he expects early results on weekend charter flights and resumption of dialogue following Ma Ying-jeou's inauguration on May 20. Public reaction here to Siew's visit has been positive, while political reactions have fallen along predictable partisan lines. Ens Summary.

12. (C) Vice President-elect Vincent Siew returned to Taipei late Sunday evening (April 13) from a brief but path-breaking trip to China to participate in the annual Boao Forum for Asia meeting in Hainan. Traveling in his capacity as chairman of the Cross-Straits Common Market Foundation (CSCMF), Siew's 12-member delegation had several prominent business leaders, including Taiwan Semiconductor's Morris Chang, and also former KMT legislator Su Chi, who is slated to become Secretary General of the National Security Council when President-elect Ma Ying-jeou takes office on May 20. In addition to holding meetings with PRC President Hu Jintao and Minister of Commerce Chen Deming, Siew also met with former Secretary of State Colin Powell, former Philippine President

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Fidel Ramos, and others.

13. (SBU) Siew's trip is drawing a great deal of attention here as an indicator of the prospects for improved cross-Straits relations under Ma Ying-jeou, who will take office on May 20. Pan-Blue supporters and others in favor of improved cross-Straits relations view Siew's visit as a

harbinger of hoped-for progress on economic links. By contrast, some DPP politicians are characterizing the Siew-Hu meeting as improper (since Siew is not yet in office) and as harmful to Taiwan's "struggle for statehood." While pro-Blue and neutral newspapers have been giving the Siew visit headline coverage, the pro-Green Liberty Times consigned the story to inside pages until today, when it ran a negative article about Siew's participation on its front page.

14. (SBU) Observers here are focusing on four general issues regarding Siew's visit: the level of treatment he received, the significance of his meeting with Hu Jintao, the prospects for early cross-Straits breakthroughs, and a controversial reference to "one China" that was later deleted from a PRC Ministry of Commerce press release. Siew, who has participated annually in the Boao Forum since 2003, stressed his satisfaction with the "warm hospitality and courteous treatment" extended to him by the conference organizers. This theme played heavily in the very extensive Taiwan television coverage of the visit.

15. (SBU) On Friday, April 11, PRC Taiwan Affairs Office Director Chen Yunlin met Siew upon arrival at the Haikou airport and the same evening Chen hosted Siew and his delegation to a banquet. On Saturday, Siew was seated in the first row of the audience at the forum's plenary session, in contrast to previous years when he had been seated in the second or third row. Later on Saturday, Siew and his delegation had a twenty-minute meeting with Hu Jintao. In the evening, for the first time at Boao, Siew was seated at the head table together with Hu Jintao and foreign leaders during the formal forum banquet.

16. (C) In contrast to the positive Blue reactions, some DPP leaders have been quick to criticize Siew for "demeaning

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himself" by accepting treatment less than that accorded to foreign leaders. President Chen claimed that China's last minute invitation to Siew, after registration had closed, was intended to divert international attention from its crackdown in Tibet. In contrast to foreign leaders who were seated on the stage, President Chen pointed out, Siew was located in the same row as the central executives of the Hong Kong and Macao SARs. Further, Siew did not land at the airport in Sanya, where foreign leaders were given a red carpet arrival.

The pro-Green Liberty Times charged that Siew's VIP treatment was because the CSCMF had paid USD 250,000 for "diamond card" treatment, a charge firmly rejected both by Siew and the forum organizer, who made clear the enhanced treatment reflected Siew's new status. Some Green leaders were more positive about the Siew trip. Vice President Annette Lu said Siew's visit was helpful for reducing the cross-Straits tensions raised by the UN referendum. DPP Chairman Frank Hsieh told the Director that he did not think the DPP should be overly critical of Siew's trip.

17. (SBU) Siew's 20-minute "friendly" meeting with the "pragmatic" (Siew's description) Hu Jintao was the highlight of the visit. Siew, who described Hu's comments in the meeting as offering a "historic opportunity" to improve cross-Straits relations, said he later told Hu that their meeting was "very meaningful." During the meeting, Siew proposed a 16-character phrase on developing cross-Straits relations: "Face reality, work toward the future, shelve disputes, and pursue a win-win scenario." He also expressed hope for progress on implementing weekend cross-Straits charter flights, bringing PRC tourists to Taiwan, normalizing economic and trade relations, and restoring the cross-Straits consultation mechanism. Hu Jintao said Beijing would continue to promote cross-Straits exchanges and the implementation of weekend charter flights and visits by PRC tourists to Taiwan. Beijing would also protect the welfare and legitimate interests of Taiwanese compatriots (in China), and promote the restoration of cross-Straits consultations and negotiations. At the end of the meeting, Hu asked Siew to

convey his greetings to Ma Ying-jeou, (KMT Chairman) Wu Poh-hsiung, and (Honorary KMT Chairman) Lien Chan.

¶8. (SBU) Although not designed to address concrete issues, the Hu-Siew meeting has raised expectations here for some early cross-Strait developments under the KMT. Clearly buoyed by the Siew-Hu meeting, Su Chi said there will be no need to wait until the end of the year to resume exchanges between Taiwan's Straits Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Strait (ARATS). "This can happen very quickly, perhaps beginning after May 20." He also said that weekend cross-Strait charter flights should be able to start in early July.

¶9. (SBU) The only significant controversy during the visit resulted from a misstatement by the PRC Ministry of Commerce (MOC). Following the cross-Strait economic roundtable and meeting between Siew and PRC Minister of Commerce Chen Deming on Sunday, the MOC issued a press release that stated both sides hoped to start a dialogue under the "one-China principle." Siew immediately complained, explaining this had not been part of the discussion, and the offending "one China principle" was deleted from the MOC press release.

¶10. (SBU) The public reaction here to Siew's trip has been favorable. According to a public opinion poll conducted on Sunday by the China Times, 57.4 percent of the respondents were satisfied with Siew's performance, in contrast to just 10.6 percent who were dissatisfied. Asked whether the Hu-Siew meeting would be helpful to Taiwan's efforts to improve the economy, 64.2 percent agreed, and only 14.5 percent disagreed. A similar but unscientific poll by Apple Daily showed 71 percent of respondents endorsing, and 16 percent objecting to, Siew's visit.

¶11. (C) The media is reporting that Beijing will appoint Chen Yunlin as the new head of ARATS, a position that has been vacant since the death of Wang Daohan in December 2005. President-elect Ma Ying-jeou today announced that KMT Vice Chairman Chiang Pin-kung (P.K. Chiang) will become the new

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head of SEF, the Taiwan counterpart to ARATS. SEF-ARATS relations, which have been suspended since then President Lee Teng-hui announced his "two-state theory" in July 1999, are expected to resume relatively quickly under the incoming Ma administration. Su Chi told the Director Monday that Chen Yunlin will be very happy to learn that P.K. Chiang will get the top SEF job, as the Taiwan level enhances Chen's chances of being appointed to ARATS. Su also told us Lien Chan was not the right person for the SEF position, in Ma's view.

Comment

¶12. (C) Clearly realizing the domestic political risks it faces as it moves to improve cross-Strait relations, the KMT may have at least a tacit understanding with Beijing to keep sensitive terminology out of the cross-Strait context. Other than the MOC misstatement, which was subsequently corrected, documents on the Siew visit do not contain politically charged terms like "unification," "one China," or even the "92 consensus." The KMT and Beijing both appear determined to move forward on cross-Strait economic relations and dialogue, and at this early stage they also appear to understand the need for flexibility to avoid controversies that could impede progress.

YOUNG